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(71)(72) Applicant and Inventor: BELZBERG, Sydney, H. [CA/CA]; Suite 5707, 40 King Street West, Toronto, Ontario M5H 3Y2 (CA).

(74) Agent: SHEARN, G., James, M.; Suite 4300, Scotia Plaza, 40 King Street West, Toronto, Ontario M5H 3Y4 (CA).

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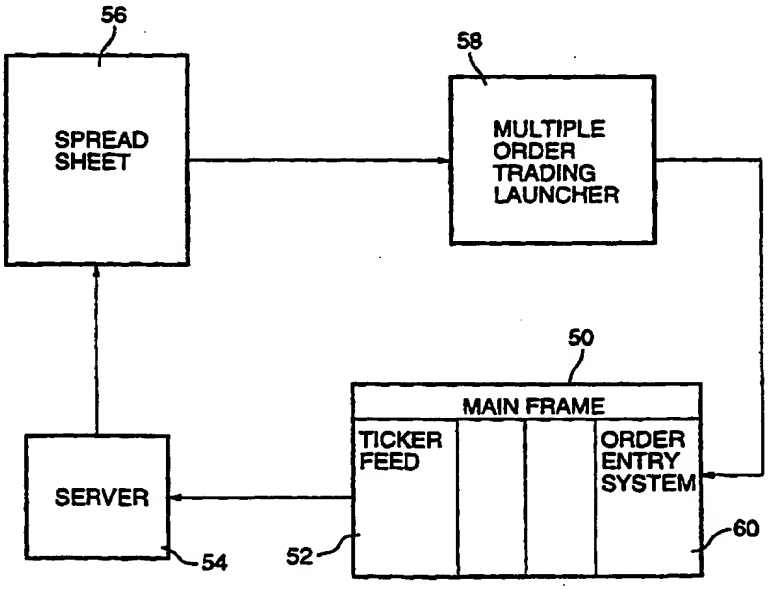
(54) Title: COMPUTERIZED STOCK EXCHANGE TRADING SYSTEM



(57) Abstract

An improvement in computer automated stock exchange trading whereby a graphic user interface with a mouse and display is used to select parameters such as share symbol, price selection, order size, and transaction type, as well as other indicators to launch a trading order to the order entry system of a stock exchange computer. Further improvements include a programmed interface by which data on a group of shares may be read from a spreadsheet formulated into an order and launched automatically or in response to a signal from an operator so as to trade an index or basket of shares substantially instantaneously.

COMPUTERIZED STOCK EXCHANGE TRADING SYSTEM

This invention relates to automated means for effecting the purchase and sale of shares traded on a stock exchange. More particularly, it relates to computer software and hardware by which an operator may instantaneously effect the transfer of shares of a large number of corporations.

BACKGROUND:

For many years the trading of shares listed on a stock exchange were effected by the activities of people known as traders on the trading floor of a stock exchange, and were confirmed by some form of notation or writing on paper. Once effected, the trades or transfers of shares were formally reported to brokers for the purchasing and selling customers in a formal way with or without the delivery of the share certificates.

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individual stock being traded. From the information available at a terminal, the trader/operator would have to input the symbol for the company shares, the price, the exchange, the size of the order, and the instructions to buy, sell, cross or short trade the stock.

It has even become possible to effect trades in certain stocks automatically when they reach a certain price level.

However, modern investment strategies involve the investment in large groups or "basket" of listed shares as part of an entire portfolio which is strategically selected to provide a balance of growth potential, income generation, and risk avoidance. These portfolios are often held by mutual funds, banks, insurance companies, or other institutional investors, and they are frequently being changed to adjust the balance in the factors which effect growth, income and risks.

investment move. Hitherto, this has been done by a trader/operator keying in the necessary trades in each individual stock through a computer terminal. Where the portfolio includes a list of 100 stocks, for example, this is a lengthy process and in fact the problem arises that the prices of many shares would change during the time it takes to key in the various orders, and the original conditions necessary to satisfy the requirements of the particular trade may no longer be present.

SUMMARY OF THE INVENTION:

It is therefore the purpose of the present invention to provide an automated, computerized trading system in which multiple share order entries can be executed automatically within seconds by the trader/operator in activating a few entries on a keyboard. This method of

By means of the system programmed in accordance with the present invention, a conventional terminal or personal computer capable of communication with a stock exchange central computer can be adapted to read, process, and react to information from the stock exchange, and/or commands of the operator and automatically and quickly perform multiple trades in a manner described above.

DESCRIPTION OF THE PREFERRED EMBODIMENT:

The invention may be better understood by a description of one embodiment with reference to the attached drawings in which:

Figure 1 is a schematic illustration of a mainframe stock exchange computer to which a series or terminals or personal computers are connected each comprising a display screen and keyboard;

Since the advent of computerized trading, these mainframe central computers are connected to a variety of terminals, such as 4, in various trading offices of brokerage houses through the city and abroad. By means of the individual terminals, traders may review data on the display screen 8 and input the necessary information and instructions on the keyboard 6 whereby a given volume of a particular stock is bought or sold (or crossed or shorted) in a manner which is the automated equivalent of an individual transaction on the trading floor.

Such a network is referred to, in the case of the Toronto Stock Exchange, as "CATS" which is an abbreviation for "Computer Aided Trading System", and similar systems are now commonly used and operated by many stock exchanges.

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or the bid offer or last price derived from the CATS data). Then the size of the order (or volume of the transaction) may be indicated in space 16 by selecting the appropriate nominal figures 1,000, 5,000, 10,000, 50,000 or by inserting the precise volume in the box 18. Many of the instruction choices provided by this interface (such as bid, offer, last, ID, volume, exchange, transaction) may be entered without keying by using a mouse as illustrated at 10 in Figure 1, which directs a cursor or indicator to the command.

In the illustrated embodiment the other information may be selected, such as the appropriate exchange in area 20, the type of transaction in area 22, the buy and sell IDs in areas 24 and 26. Other areas 28 provided by the interface include features to provide various information from the data bank as an aid to the operator.

information (including symbol, volume of shares, bid, first and last price) in the area 30 of the display screen of the terminal as shown in Figure 3. For purposes of trading an index or custom basket of shares, the display will contain the information with respect to the shares included in the index or basket as illustrated. The system then executes a dynamic data link to the spreadsheet which causes the spreadsheet to read the list of stocks to the multiple order trading system of the present invention. In the next step the system captures the spreadsheet data and makes each stock price and volume a variable that is inserted in a list of preprogrammed commands. The list is then sent to the order entry system of the stock exchange with a single key stroke.

Thus, each of the stocks and the pertinent data relating thereto is entered into the multiple order entry

of shares to be traded 36, the type of transaction (buy, sell, cross, or sell short) 38, the appropriate buy ID 40 or sell ID 42, and the price (bid, offer, or last) 44. When the appropriate commands have been entered the transaction may be executed by pressing the launch button 46 and all of the shares of the basket are traded almost instantaneously.

As in all cases a provision is made for the entry of a pass word 48 to provide security against unauthorized use and other functions which are commonly associated with graphic user interface are provided.

Therefore, by means of the present system, a terminal or personal computer may be used to capture from a spreadsheet all the data necessary to trade in a selected list or group of shares, and by inserting this data into the preprogrammed commands of the system, all of the necessary commands to execute the trade in all of the shares may be sent to the stock exchange order entry system in a single set of signals.

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is stored and accessible to any terminals which are connected to the network. The information in the server is read by the spreadsheet 56 of a terminal, such as the one illustrated in Figure 1, which is designed to read and display a given basket of shares with the pertinent data with respect to volumes, bid, offer, last, etc. Block 58 represents the multiple order trading system of the present invention which reads the data from the spreadsheet, including all the data on a given basket of shares, organizes the data into the proper format for automated trading, and issues the multiple orders to the order entry system 60 of the central computer 50 at the stock exchange.

By having the data formatted by the multiple order launcher, the transaction of a whole basket of shares can be effected quickly, easily, with fewer errors and within the time frame for which the criterion or instructions for the transaction are valid.

system may be adapted to initiate a transaction automatically when certain criterion are met, or may be designed to create a signal when the criterion are met so that a trader/operator may make the final decision or judgment to execute the transaction or not, and may then execute it substantially instantaneously once the decision has been made.

Once the order entry has been received by the exchange system, the transaction is completed and the appropriate records and confirmation documents are produced in the usual manner without any further activity by the trader.

It will, of course, be realized that numerous modifications and variations from the illustrated embodiments may be employed without departing from the inventive concept herein.

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2. A control system as claimed in claim 1 wherein said means to launch is responsive to conditions in the data read from said spreadsheet.

3. Apparatus as claimed in claim 2 wherein said means to launch said order is responsive to the commands of an operator.

4. Apparatus as claimed in claims 1, 2 and 3 wherein said means to read, means to formulate, and means to launch are operated by means of a graphic user interface with display means and a mouse adapted to communicate to selected controls on the graphic user interface display.

5. A system as claimed in claim 4 in which said graphic user interface displays commands which include share symbols, price selections, order size, and transaction type.

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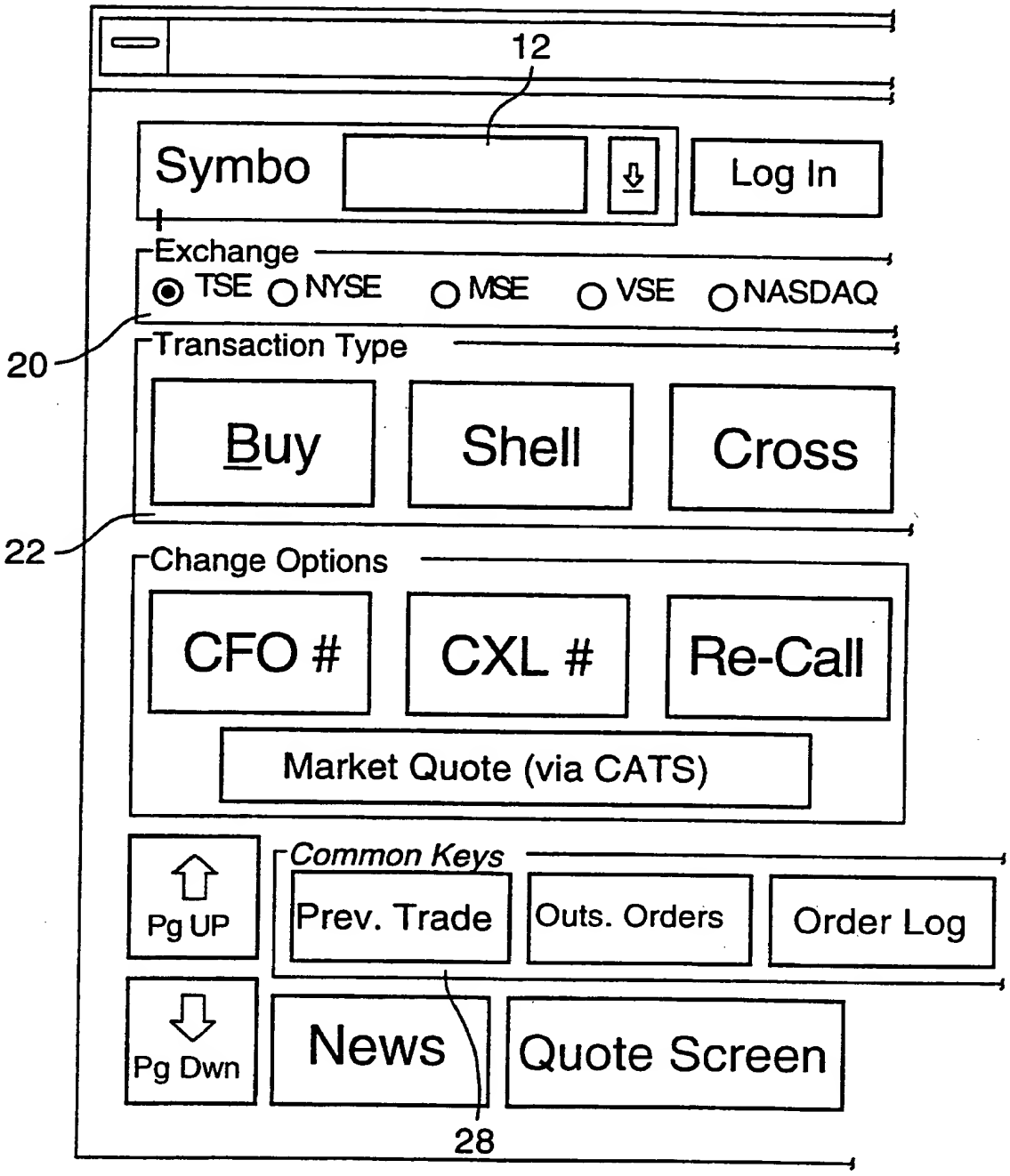

FIG.2A.

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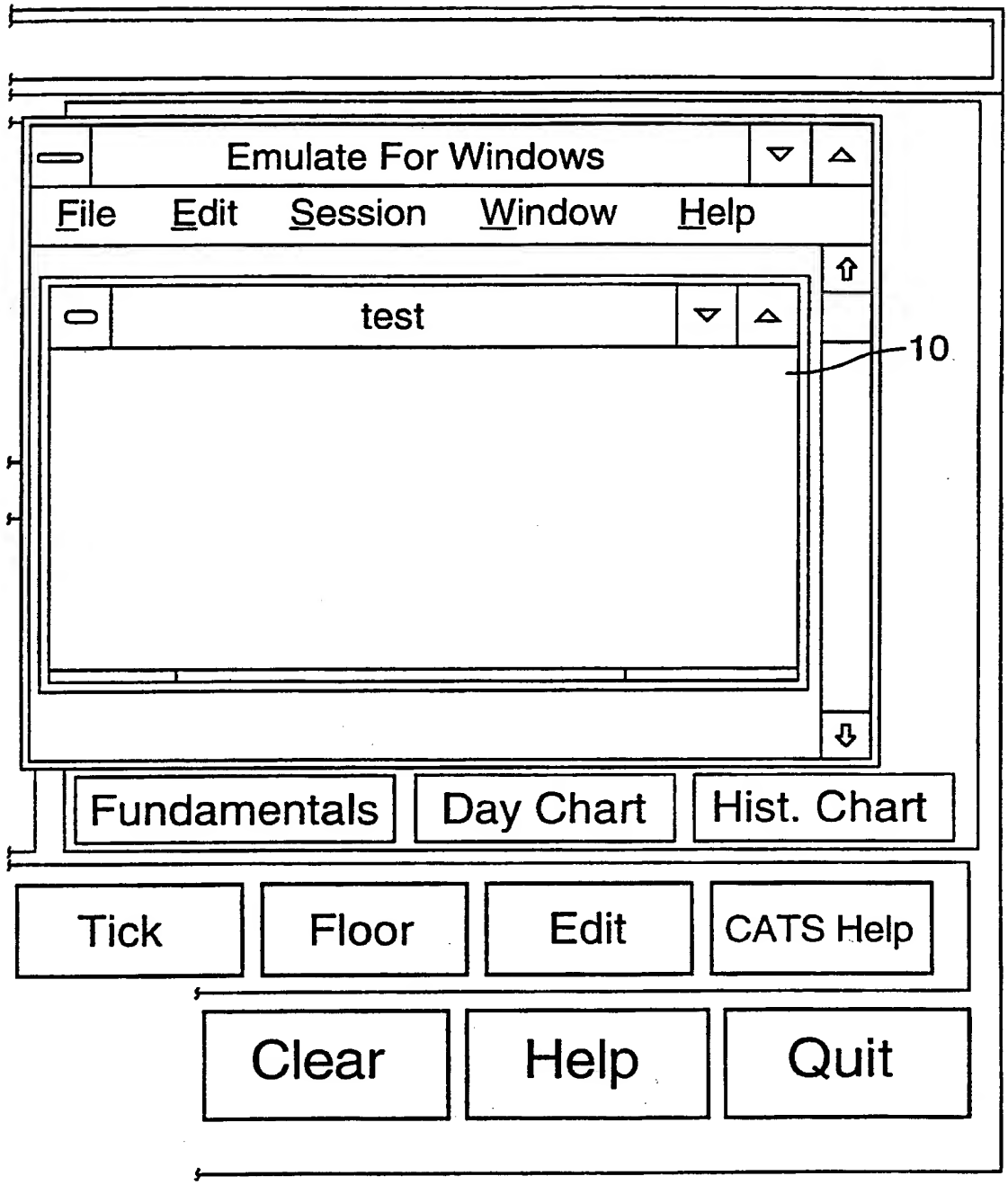
Emulate For Windows
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test
10
Fundamentals
Day Chart
Hist. Chart
Tick
Floor
Edit
CATS Help
Clear
Help
Quit

FIG.2C.

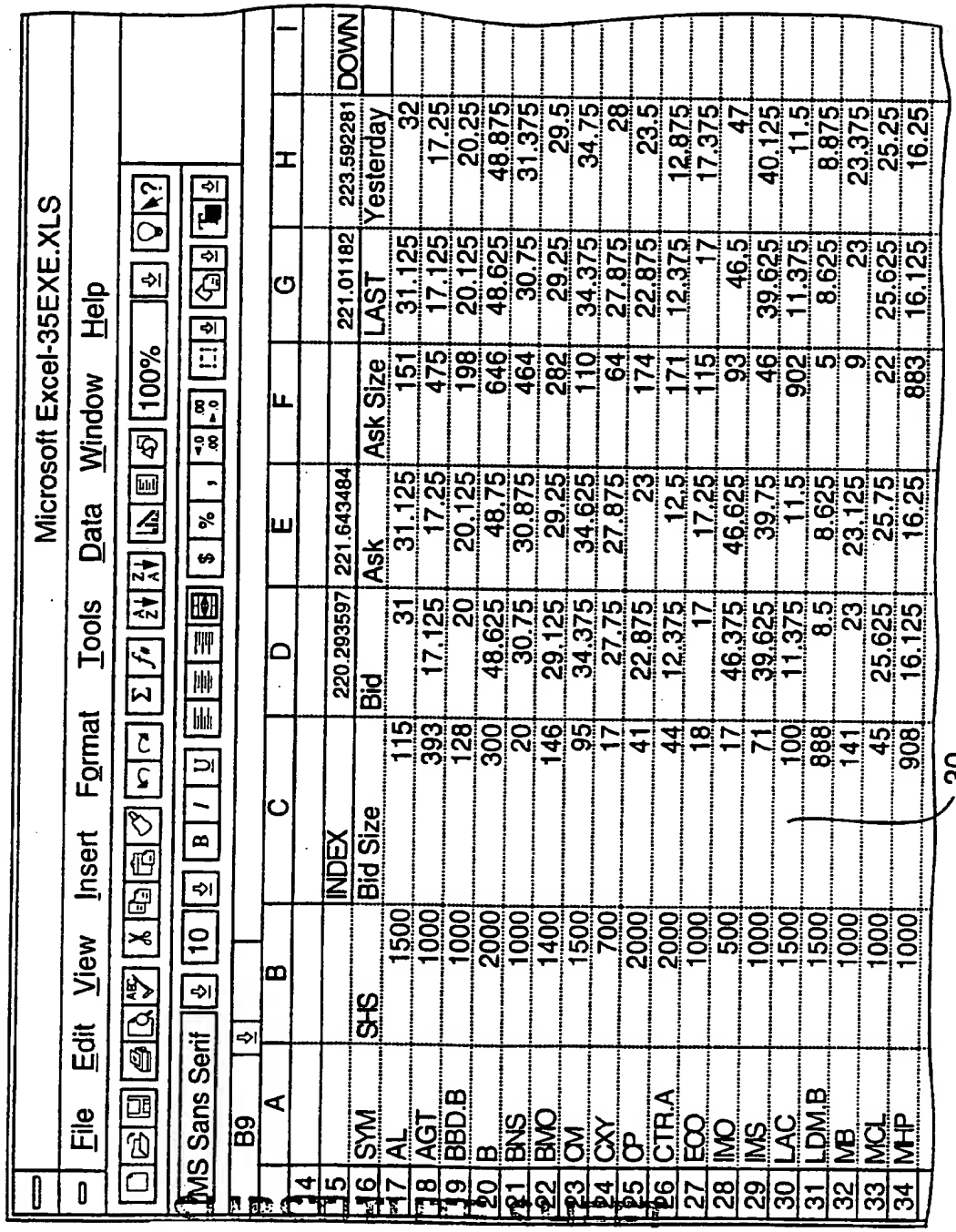

FIG.3B.

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INTERNATIONAL SEARCH REPORT

Inter nal Application No
PCT/CA 95/00123

A. CLASSIFICATION OF SUBJECT MATTER
IPC 6 G06F17/60

According to International Patent Classification (IPC) or to both national classification and IPC

B. FIELDS SEARCHED

Minimum documentation searched (classification system followed by classification symbols)
IPC 6 G06F

Documentation searched other than minimum documentation to the extent that such documents are included in the fields searched

Electronic data base consulted during the international search (name of data base and, where practical, search terms used)

C. DOCUMENTS CONSIDERED TO BE RELEVANT

Category *	Citation of document, with indication, where appropriate, of the relevant passages	Relevant to claim No.
X	EP,A,0 401 203 (MJT HOLDINGS INC) 5 December 1990 see the whole document ---	1-5
X	EP,A,0 453 150 (COMMODITY EXCHANGE INC) 23 October 1991 see the whole document ---	1-5
X	WO,A,91 14231 (CHICAGO TRADE BOARD) 19 September 1991 see the whole document -----	1-5

☐ Further documents are listed in the continuation of box C.

☒ Patent family members are listed in annex.

* Special categories of cited documents :

"A" document defining the general state of the art which is not considered to be of particular relevance

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"X" document of particular relevance; the claimed invention cannot be considered novel or cannot be considered to involve an inventive step when the document is taken alone

"Y" document of particular relevance; the claimed invention cannot be considered to involve an inventive step when the document is combined with one or more other such documents, such combination being obvious to a person skilled in the art.

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21 July 1995	04. 08. 95

Name and mailing address of the ISA	Authorized officer
European Patent Office, P.B. 5818 Patentlaan 2 NL - 2280 HV Rijswijk Tel. (+31-70) 340-2040, Tx. 31 651 epo nl, Fax (+31-70) 340-3016	Suendermann, R

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